

INTERNATIONAL TRADE

UNIT-5

TOPIC: MARKETING PLAN FOR EXPORT

- An export marketing plan is step-by-step guide to strategy implementation. It addresses strategic issues and outlines the corresponding operational actions to be taken. It specifies targets for such step. The plan should answer all questions on how the export firm's marketing strategy is to be implemented and direct the enterprise in attaining the strategic objective.
- A business firm's marketing plan and its export marketing strategy are therefore closely inter-related. And the various steps in the plan are put into action; interaction between the two should be continuous.
- The development of an export marketing plan requires decisions on the role that exporting is to play in the firm's growth, the scope and nature of the firm's product lines and markets abroad, precise export performance goals and the level of management commitment to the export venture.
- A plan is only as good as the quality of the basic data gathered and the analysis undertaken during the planning process. It is important to involve all levels of management in this process and to ensure their total commitment for the successful implementation of the export plan.
- **Essential contents of export marketing plan**
 - A typical export marketing plan focuses on the following aspects:
 - 1. Marketing objectives**
 - 2. Market segmentation and positioning**
 - 3. Market research**
 - 4. Characteristics of the product line**
 - 5. Export pricing**
 - 6. Distribution channels and**
 - 7. Promotional strategies**

- The plan should outline the actions required in sufficient details: It should set out export targets, budgets and activity schedules as well as assign responsibilities for its implementation.

➤ **Marketing Objectives**

- The first step in developing an export marketing plan is to establish export marketing objectives. These objectives should be attainable, realistic and should be communicated throughout the business firm. Since they will determine the business firm's direction and its activities, management will have to devote considerable time and effort to setting them.
- An analysis of the business firm's strengths, weaknesses, opportunities and threats, or a "SWOT" analysis for short, can provide a guide to management for developing effective and realistic objectives. A SWOT analysis reveals the competitive advantages of the business firm as well as its prospects for sales and profitability. It is usually based on an evaluation on facts and assumption about the business firm and on market research.
- A business firm's strengths are its competitive advantages that will give it an edge in export markets. Its weakness are its constraints, which may inhibit marketing activities in certain direction. For example, a business firm having shortage of readily available funds cannot undertake a large scale promotional campaign.
- The assessment of a business firm's strengths and weaknesses in relation to the competition is essential for competitive positioning. This assessment from the point of view of the competition should consider:
 - a) Technology in use
 - b) Design styling and trademarks
 - c) Product quality, quality control and products life cycle
 - d) Completeness of the product line
 - e) Customer's service
 - f) Raw material supplies
 - g) Distribution structure and cost.
- The review of opportunities and threats in the market should complement the analysis of the business firm's strengths and weaknesses. The aim is to identify the best business opportunities and directions of growth. A business firm's opportunities on possible markets can be evaluated in terms of firm's customers, competing products, the market

structure and competing suppliers. Such an evaluation may reveal complementarities between the business firm's strengths and market opportunities.

- Finally management should examine the so called marketing threats on the market being considered. These should include import rules and regulations relating to tariffs, quotas, non tariff measures and so on. Management should also determine whether the markets under assessments are mature markets, that is, these are already well supplied and do not therefore, provide a readily identifiable niche for the business firm's products.

➤ 2. Market Segmentation

- An export marketing plan is not complete until the business firm has identified its target segment in the export market. Any large market would have different market segments that differ substantially from each other. Different consumer groups exist according to income levels, age, lifestyle, occupation and education. A crucial element of the export marketing plan is to identify the segment of the customers that the business firm intends to reach.
- In making this choice, the business firm should answer the following questions: who will buy its products in the export market? Why will they buy these products? Where are these customers located? What are their characteristics?
- In this exercise it will be helpful to concentrate on within-segment similarities and between-segment differences. The business firm should choose the segment with the requirements that fit its product specifications best. For example if it produces high-quality premium priced porcelain ware, its target segment is likely to be high-income. Well educated young consumers.
- A target market segment should be large enough to be profitable. An assessment of the size of the segment should therefore, be made before a final decision is taken to include it in the marketing plan.

➤ 3. Market Research

- To succeed in export trade, a business firm must identify attractive export markets and estimates the export potential for its products in them as accurately as possible. Market research and forecasting are therefore, of great importance. Factors to be evaluated include the size of the market, the characteristics of demand, consumer requirements, trade channels and the cultural and social differences that may affect the firm's way doing business with the market.
- A small producer contemplating entering export trade may not be willing or able to allocate resources to expensive data collection methods. Firms in that situation can use published data to assess the market. They should, however, first evaluate the data for reliability and accuracy.

➤ **4. Product Characteristics**

- The business firm should next consider the products that it has to offer. An analysis should be any modifications required in the products; packaging changes needed labeling requirements, brand name and after sales services expected.
- Many products must undergo significant modifications if they are to satisfy consumer and market requirements abroad. Other products require changes at the discretion of the producer only to enhance their appeal on export markets.

➤ **5. Export Pricing**

- In setting an export price, the business firm should consider additional costs that do not enter into pricing for the domestic market. These include such items as international freight and insurance charges, product adaptation costs, import duties, commissions for import agents and foreign exchange risk coverage.
- Export pricing analysis should begin with these questions: What value does the target market segment place on the business firm's product? How do differences in this product add to, or detract from, its market value?
- In practice, these are difficult questions to research, but analyzing the prices and product characteristic of existing competitive products may reveal critical information. The analysis may show that it is not the cost of materials that determines the product's value, but rather the customer's perception of that value.

➤ **6. Distribution Channels**

- The potential exporter should consider the following distribution option:
 - a. Exporting through a domestic exporting firm that will take over full responsibility for finding sales outlets abroad.
 - b. Setting up his own export organization.
 - c. Selling through representatives abroad.
 - d. Using warehouses abroad.
 - e. Establishing a wholly owned sales subsidiary.
- The choice of distribution channel will depend on the business firm's export strategy and the export market. An export strategy is a blueprint for selling on target markets. If the firm intends to export a product that has a specific feature that should be a good selling point, to a market segment that is already well supplied, it may need to create greater

awareness of the product through an appropriate promotional strategy. In this case, it may be better to appoint an agent who does not handle many products and can allocate the time needed to product.

- Distribution channels should be chosen carefully and efforts should be made to maintain good relation between the parties concerned.

➤ 7. Promotion

- The export marketing plan should provide details on the following aspects of the promotional strategy: Publicity method; advertising (who will be responsible for it, and how much the firm can allocate to it); trade missions; buyer's visits; other promotional activities (which methods to use, how much to allocate); and local export assistance.

➤ Marketing Strategy

- Silvera & Sons' marketing strategy will include the use of targeted print media advertising and direct selling to importers in the United States who provide green coffee to specialty roasters. S&S will also use a website. S&S will capitalize on existing relationships with importers who have stated their willingness to contact West Coast affiliates and recommend Silvera & Sons' coffee. Silvera & Sons have positioned themselves as a differentiated provider of the highest quality Arabica beans. The primary goal of the marketing efforts will be to communicate this to existing and potential customers.
- **Mission:** Silvera & Sons' mission statement is to provide the finest quality and freshest Arabic coffee beans available. We exist to attract and maintain customers. With strict adherence to this maxim, success will be ensured. Our products will exceed the expectations of our customers.
- **Marketing Objectives**
 - Maintain positive, steady growth each quarter.
 - Experience an increase in new customers who are turned into long-term customers.
 - Decrease the customer acquisition costs by 6% per year.
- **Financial Objectives**
 - Increase the profit margin by 1% every two quarters.
 - Holding spending, as a percentage of sales, at a specific level.
 - Decrease the overhead fixed costs as a percentage of sales.
- **Target Markets**

The potential customer groups for Silvera & Sons are:

- American importers of green Arabica beans: Market research suggests that there are approximately 200 importers of green Arabica coffee on the West and East Coasts of the United States that would be able to handle the quantities of S&S' shipments and are in their target market. Combined, they import a total of four to five million/60kg bags of Brazilian coffee per year.
- Brazilian green coffee wholesalers: This market serves as a safety valve for our export business. By maintaining relationships with Brazilian wholesalers we have an alternative market with established distribution channels.
- Brazilian specialty roasters: As S&S moves towards maximum capacity they plan to be more aggressively target this audience. This should eventually reduce transactions with wholesalers and capture their value-added costs as profit. S&S anticipates that this effort will begin approximately four years into operation of the new facility.

➤ **Positioning**

- S&S will position themselves as the high end Arabica coffee bean distributor in North and South America. S&S will only sell the highest quality and freshest quality bean, recognizing that coffee is traditionally a commodity. S&S will leverage their competitive edges to achieve the desired positioning.
- Silvera & Sons competitive edge comes from the advantage of having established relationships with American importers, and Brazilian coffee growers, green coffee brokers and wholesalers. Silvera & Sons has received affirmation of the demand for their product in the form of requests from importers for larger product shipments.
- S&S' coffee is a superior product offering because of the larger average size of the bean and because they purchase from growers who rely on the use of chemicals and pesticides less than two percent of the time. In addition, prompt preparation and shipment provides importers with a product that is up to one month fresher than beans sold by many exporters.

➤ **Strategies**

- The single objective is to position S&S as the premier Arabica coffee bean distributor whose quality is always be counted on. The marketing strategy will seek to first create customer awareness regarding the products offered, develop the customer base, and work toward building customer loyalty.
- The message that S&S seeks to communicate is that their name is synonymous with the highest quality Arabica beans available. This message will be communicated through a variety of methods. The first method will be the use of printed sales material. The material will detail all of the different products that S&S sells.
- Another method of communication is through the development of strategic relationships with buyers and sellers of S&S' products. S&S recognizes that developing close, communicative relationships with their clients is very important to maintaining a high quality, sustainable business. S&S will also use advertisements, placed in industry journals to increase brand awareness.
- The last method of communication is the use of a website. The use of the website will allow interested parties from around the world to view a wealth of information regarding S&S, their products, their production methods, and other information. The website is a fairly rich, comprehensive resource that is accessible at all times during the day.

➤ **Marketing Mix**

- S&S' marketing mix is comprised of the following approaches to pricing and distribution, advertising and promotion, and customer service.
- Pricing- S&S' pricing scheme is based on per product costs.
- Distribution- The product can be distributed throughout the world.
- Advertising and Promotion- Several different methods will be used for advertising and promotion.
- Customer Service- Obsessive customer service is S&S' mantra. If the mantra is adhered to, sustainable success will happen.

➤ **Marketing Research**

- During the marketing plan development, S&S issued a comprehensive questionnaire to many different perspective customers. The surveys were developed by a graduate statistics student ensuring validity and accuracy in the findings.
- A total of 300 surveys were released with 99 returned completed. The findings of the survey were quite insightful. Some of the findings supported already held assumptions. Other information minded from the survey provided new information and insight into the perspective customers. Because the surveys were so useful, S&S plans to do more surveys in the following years.